

ARTICLES OF INCORPORATION

OF

STONEWATER HOA, INC.

These Articles of Incorporation are made and acknowledged for STONEWATER HOA, INC. and shall govern a nonprofit corporation under and by virtue of the laws of the State of North Carolina.

Article 1. Name and Address. The name of the corporation is STONEWATER HOA, INC. For convenience, the corporation shall be referred to in this instrument as the "Association."

The initial principal office of The Association is: c/o Lennar Carolinas, LLC, 1201 Edwards Mill Road, Suite 301, Raleigh, NC 27607.

Wake County

Article 2. Duration. The Association shall have perpetual duration.

Article 3. Applicable Statute. The Association is organized pursuant to the provisions of the North Carolina Nonprofit Corporation Act.

Article 4. Definitions. All capitalized terms used herein which are not defined shall have the meaning set forth in the **DECLARATION OF COVENANTS, CONDITIONS, AND RESTRICTIONS FOR STONEWATER SUBDIVISION**, recorded or to be recorded in the Office of the Register of Deeds of Wake and Chatham Counties, North Carolina, as amended from time to time (the "Declaration").

Article 5. Purposes and Powers. The Association does not contemplate pecuniary gain or benefit, direct or indirect, to its members. By way of explanation and not of limitation, the purposes for which it is formed are:

(a) to be and constitute the Association to which reference is made in the Declaration, to perform all obligations and duties of the Association, and to exercise all rights and powers of the Association, as set forth in the Declaration, the By-Laws, and as provided by law; and

(b) to provide an entity for the furtherance of the interests of the Owners of property subject to the Declaration.

In furtherance of its purposes, the Association shall have the following powers, which, unless indicated otherwise by the Declaration or By-Laws of the Association, may be exercised by the Board of Directors:

(a) all of the powers conferred upon nonprofit corporations by common law and the North Carolina statutes in effect from time to time;

(b) all of the powers necessary or desirable to perform the obligations and duties and to exercise the rights and powers set out in these Articles, the By-Laws, and the Declaration, including, without limitation, the following:

(i) to fix, levy, collect, and enforce payment of all charges or assessments authorized by the Declaration by any lawful means; to pay all expenses in connection therewith and all administrative and other expenses incident to the conduct of the business of the Association including all licenses, taxes, or governmental charges levied or imposed against the property of the Association;

(ii) to manage, control, operate, maintain, repair, and improve the common areas and facilities, and any property subsequently acquired by the Association, or any property owned by another for which the Association, by rule, regulation, declaration, or contract, has a right or duty to provide such services;

(iii) to enforce covenants, conditions, or restrictions affecting any property to the extent the Association may be authorized to do so under the Declaration;

(iv) to engage in activities which will actively foster, promote, and advance the common interests of all Owners of property subject to the Declaration;

(v) to buy or otherwise acquire, sell, or otherwise dispose of, mortgage, or otherwise encumber, exchange, lease, hold, use, operate, and otherwise deal in and with real, personal, and mixed property of all kinds and any right or interest therein for any purpose of the Association;

(vi) to borrow money for any purpose subject to such limitations as may be contained in the Declaration or the By-Laws;

(vii) to enter into, make, perform, and enforce contracts of every kind and description, and to do all other acts necessary, appropriate, or advisable in carrying out any purpose of the Association, with or in association with any other corporation, or other entity or agency, public or private;

(viii) to act as agent, trustee, or other representative of other corporations, firms, or individuals, and as such to advance the business or ownership interests in such corporations, firms, or individuals; and

(ix) to provide any and all supplemental municipal services to the Community as may be necessary or desirable.

The foregoing enumeration of powers shall not limit or restrict in any manner the exercise of other and further rights and powers which may now or hereafter be allowed or permitted by law; and the powers specified in each of the paragraphs of this Article 5 are independent powers, not to be restricted by reference to or inference from the terms of any other paragraph or provision of this Article 5.

Article 6. Membership. The Association shall be a membership corporation without certificates or shares of stock. Every Owner shall be deemed to have a membership in the Association. If a Lot is owned by more than one Person, there shall be only one (1) membership per Lot, and the votes and rights of use and enjoyment shall be as provided in the Declaration and in the By-Laws. Membership shall be appurtenant to and may not be separated from ownership of any Lot. The rights and privileges of membership, including the right to vote and to hold office, may be exercised by a member or the member's spouse, but in no event shall more than one (1) vote be cast nor office held for each Lot owned. The members shall be entitled to vote in accordance with the Declaration and the By-Laws.

Article 7. Board of Directors. The business and affairs of the Association shall be conducted, managed, and controlled by a Board of Directors. The Board may delegate its operating authority to such companies, individuals, or committees as it, in its discretion, may determine.

The method of election and removal of directors and filling of vacancies and the term of office of directors shall be as set forth in the Declaration and the By-Laws. The initial directors are as follows: **Bruce M. Whitten**

Article 8. Liability of Directors. No person who is serving or who has served as a director of the Association shall be personally liable to the Association or any of its members for monetary damages for breach of duty as a director, except for liability with respect to (a) acts or omissions that the director at the time of such breach knew or believed were clearly in conflict with the best interests of the Association, (b) any transaction from which the director derived an improper personal benefit or (c) acts or omissions with respect to which the North Carolina Nonprofit Corporation Act does not permit the limitation of liability. As used herein, the term "improper personal benefit" does not include a director's reasonable compensation or other reasonable incidental benefit for or on account of his service as a director, officer, employee, independent contractor, attorney, or consultant of the Association. No amendment or repeal of this Article, nor the adoption of any provision to these Articles of Incorporation inconsistent with this Article, shall eliminate or reduce the protection granted herein with respect to any matter that occurred prior to such amendment, repeal, or adoption.

Article 9. Dissolution. The Association may be dissolved only as provided in the Declaration, By-Laws, and by the laws of the State of North Carolina. If the Association is dissolved, the net assets of the Association shall be dedicated to a public body or conveyed to another nonprofit organization with a purpose similar to that of the Association.

Article 10. Merger and Consolidation. The Association may merge or consolidate only upon a resolution duly adopted by the Board of Directors and the affirmative vote of not less than two-thirds (2/3) of the Total Association Vote; provided, however, during Declarant's Development Period, Declarant must also consent to such merger or consolidation.

Article 11. Amendments. These Articles may be amended by the approval of at least two-thirds (2/3) of the Total Association Vote, provided that (i) no amendment shall be in conflict with the Declaration, (ii) during Declarant's Development Period, any amendment to these Articles must also be approved by Declarant, and (iii) provided further that no amendment shall be effective to impair or dilute any rights of members that are governed by the Declaration. In addition, these Articles may be amended unilaterally at any time and from time to time by Declarant (a) if such amendment is necessary to bring any provision hereof into compliance with any applicable governmental statute, rule or regulation, or judicial determination which shall be in conflict therewith; (b) if such amendment is necessary to enable any title insurance company to issue title insurance coverage with respect to the Lots subject to the Declaration; (c) if such amendment is required by an institutional or governmental lender or purchaser of mortgage loans, including, for example, the Federal National Mortgage Association, the Department of Housing and Urban Development, the Veterans Administration, or Federal Home Loan Mortgage Corporation, to enable such lender or purchaser to make or purchase Mortgage loans on the Lots subject to the Declaration; or (d) if such amendment is necessary to enable any governmental agency or private insurance company to insure or guarantee Mortgage Loans on the Lots subject to the Declaration; provided, however, any such amendment shall not adversely affect the title to any Owner's Lot unless any such Lot Owner shall consent in writing.

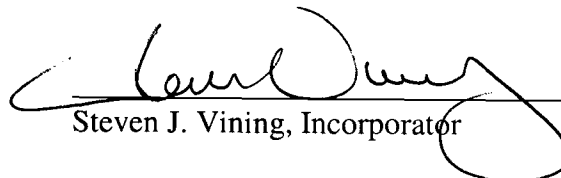
Article 12. Registered Agent and Office. The initial registered agent of the Association is **Bruce M. Whitten** and the initial registered office of the Association is: c/o Lennar Carolinas, LLC, 1201 Edwards Mill Road, Suite 301, Raleigh, NC 27607.

Wake County

Article 13. Incorporator. The incorporator of the Association is: Steven J. Vining whose address is 1003 High House Road, Suite 106, Cary, North Carolina 27513.

IN WITNESS WHEREOF, the undersigned Incorporator has executed these Articles of Incorporation.

STONEWATER HOA, INC.


Steven J. Vining, Incorporator